

Full-Court Advantage

BillingTree leverages partnerships to entice clients, and uses its position to support charitable organizations

By John Manasso

Scott McCollum showed signs of entrepreneurial spirit even before he began his business career full-time. After finishing his college basketball career at Pepperdine University—where he tussled with the likes of future Basketball Hall of Famers Hakeem Olajuwon, John Stockton, and Clyde Drexler—the 6-foot-10 McCollum played professionally in Europe for 10 years, most of them in Switzerland.

While studying for his International MBA in Lausanne, he put together all-star games for three years. Each Swiss team was allowed to have two Americans on its roster. So once the eight-month season had ended, McCollum recruited all of the Americans, brought in a big-name NBA player or two like Spud Webb or Dominique Wilkins, lined up sponsors, rented out an arena, and put on a show.

The experience helped prepare him for the role he's held for the past four-and-a-half years as president and a partner in Phoenix-based BillingTree, which forecasts growth of 25 percent for this year. The 50-employee company has 1,800 customers and believes in using cutting-edge technology to help its merchants get paid more, and more quickly. The eight-and-a-half-year-old ISO was born

» **BillingTree**, Phoenix

Founded: 2003

Portfolio size: 1,800 customers

Number of employees: 50

out of experience of one of its founders in the ARM industry—better known as the “accounts receivable management” industry or, even more colloquially, collection agencies.

The company launched with three founders—Jim Worman, John Mousheghian, and Dan Willis—and two other people, all working out of a basement for six months, McCollum says.

With the ARM industry still at its core, the company has since diversified to serve companies in the medical industry and utilities. “Think of the medical industry and all subverticals that go into



it,” McCollum says. “When we talk medical, there’s such potential, it’s amazing.” A typical hospital stay can generate seven different bills: the radiologist, the blood work, the lab work, your doctor, he says. “We see that as a huge market.”

Part of BillingTree’s pitch to customers like hospitals reflects that industry’s business model. Hospitals often have to write off as unpaid between 8 and 10 percent of the amount that they bill. BillingTree shows these customers that by partnering with the company and investing in some of its tools, they can recoup a much larger percentage.

Building a Team

After his basketball career ended, McCollum’s work experience was in the software industry. He owned a company that wrote and designed database software that was integrated to work with call centers. Some of his clients were the same as those of BillingTree’s founders. Before becoming president, McCollum had served on BillingTree’s board. He then sold his company and joined BillingTree as president.

“We’re not designing the software ourselves,” he says. “We’re pushing money electronically.”

Since BillingTree does not create its own software or technology, one of its most important strategies is to keep on top of which companies do. David Yohe, the company’s director of corporate marketing, says BillingTree attends about 35 trade shows each year, sending both its sales force and business development teams. McCollum says he wants the business development team—the ones responsible for scouting out the latest technology—to scour between 50 and 100 booths.

The work helps them find partners like one BillingTree uses for back-end Web design. “I don’t want to take our focus off being a payment-processing company. We partner and white label the products,” says McCollum. “We try to get the best of and then we partner and integrate, so our systems can talk to each other seamlessly. Our

whole business model, bigger picture, is we want to simplify the world of payment processing.”

Among the tools BillingTree offers to its customers is an interactive voice response (IVR) payment service. The concept is to make it easier for customers to pay by using, in some cases, 800-numbers that are open 24/7. McCollum offers the example of someone who gets home from work late and wants to make a payment after 9 p.m., after the call center has closed, or on the weekend when paying bills.

“We integrate payment gateways into revenue cycle management software packages,” he says. “Something that goes through and says I’m going to create an invoice, send an invoice, and that’s where we come and give them an option to send that invoice elec-

tronically, pay it electronically, get the money four to five days quicker than if they sent a paper statement—plus the cost that goes with it.

“It more than makes up for it by doing it electronically and their payment cycle is so much faster.”

Training Camp

BillingTree takes maximum advantage of new technologies not only in the tools it offers its merchants, but also in selling its customers on new product features, particularly through the use of webinars. The average attendance for a BillingTree webinar is 40 to 50 people, but it’s had as many as 100, says Yohe. The company records the webinars and hosts them on its website so merchants can come back and view them

WORDSTOTHEWISE

- **Partnerships are critical.** “Find the right processor that has some liquidity,” says BillingTree President Scott McCollum. ISOs come and go, he adds. “They put their foot in the water. They get underwater. I think being in a stable partnership—and making sure the banks you’re with are solid and the network partners that you’re dealing with—is very important, now more than ever.”
- **Set your sights on where you want to go.** “We had smart people who worked really hard and figured out how to service an industry that was underserved, and that led to new verticals,” says Director of Corporate Marketing David Yohe, in reference to the company’s starting out serving the ARM industry. “Set your sights on where you want to go and focus on individual goals. Measure how well you achieve your success before taking on additional challenges for the company.”
- **Don’t go it alone.** “And don’t assume that your competitors are the enemy,” says Yohe. “We found more often than not that while some companies may offer some similar types of services, there are areas where we can complement each other as well.”

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on a later date if they missed an original broadcast.

“We also round our message out,” says Yohe. “We’ll take new product collateral and do a press release about the (trade) shows we’re going to feature that make sense, and we certainly talk about some of those added bells and whistles that might have gone into an existing product. The webinars that are on our website also will be updated to reflect the new product feature sets and have a request for information there.”

Once a year, the company also hosts a “user group conference” at its headquarters where it invites its customers for a few days. That event leads into a high-profile community event BillingTree hosts.

Similar to McCollum’s experience in promoting all-star basketball games in Switzerland decades ago, BillingTree has conducted a philanthropic-minded concert that was the brainchild of Willis, one of the company’s founders. Three years ago, the company started with a concert in a restaurant parking lot and raised \$44,000. The next year, the com-

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—Scott McCollum

pany decided to make it even bigger and dedicated a percentage of its projected net profit to the event.

Christened “RockBlock,” the event featured the bands Skid Row, Night Ranger, and Firehouse, plus a couple of opening acts, and was held at a larger venue the second year. Nearly 3,000 people attended and the company raised \$100,000, which it ear-marked to a number of charities, including the V Foundation, named for former North Carolina State basketball coach Jim Valvano, that funds cancer research.

On Nov. 5, 2011, BillingTree hosted its largest concert yet with fellow sponsors including the *Arizona Republic* newspaper, a local television station, and the Gannett Foundation. REO Speedwagon and former members of the band Boston performed. The proceeds will go to hundreds of charities through Gannett’s “Season for Sharing” campaign. More than 3,000 people attended the 2011 event, and, for the second straight year the company expected to make a gift of at least \$50,000 to a single charity, says Yohe.

“That’s our company spirit,” McCollum says. “Our employees enjoy it. We have a good time. We have our user group conference right before it, so it gives all of our customers a chance to come in and learn for a day and a half and then hang out and see the other side of us.”

The team at BillingTree likes “to have fun” while they work. **TT**

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